

# OPERATING BUDGET FISCAL NOTE

**DATE OF COUNCIL CONSIDERATION:**

2/25/16

**CONTACT DEPARTMENT(S):**

Health and Human Services

**FUND:**

Budget Stabilization Reserve

**SUBJECT:** Approve an ordinance amending the Fiscal Year 2015-2016 Budget Stabilization Reserve Fund Operating Budget (Ordinance No. 20150908-001) to transfer out \$160,000 to the General Fund; and amending the General Fund Operating Budget (Ordinance No. 20150908-001) to transfer in \$160,000 from the Budget Stabilization Reserve Fund; and to appropriate \$160,000 to increase expenditures in the Health and Human Services Department Operating Budget for childcare services for families in the Passages Program.

**CURRENT YEAR IMPACT:**

	2015-16 Amended	This Action	2015-16 Amended
Beginning Balance	100,528,808	0	100,528,808
Total Transfers In	4,227,972	0	4,227,972
Requirements	8,183,806	0	8,183,806
Transfers Out			
General Fund	1,500,000	160,000	1,660,000
All Other Transfers	35,445,044	0	35,445,044
Total Transfers Out	36,945,044	160,000	37,105,044
Total Requirements	45,128,850	160,000	45,288,850
Excess (Deficiency) of Total Available Over Total Requirements	(40,900,878)	(160,000)	(41,060,878)
Ending Balance	59,627,930	(160,000)	59,467,930

**FIVE-YEAR IMPACT:**

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total Revenue	0	0	0	0	0
Total Requirements	160,000	0	0	0	0
Net Budget Impact	(160,000)	0	0	0	0

**ANALYSIS / ADDITIONAL INFORMATION:** This budget amendment is in response to Council adopting Resolution No. 20160211-018, directing the City Manager to identify ongoing funding in the amount of \$160,000 for childcare services for families in the Passages Program and bring an item for Council consideration no later than February 25, 2016. Upon approval, this item will provide one-time funds for this program in FY 2016.

Staff from the Health and Human Services Department has reviewed their FY 2016 budget and were unable to identify ongoing funds that could be redirected for this program. Additionally, through the first quarter of FY 2016, no additional revenue or reduced expenses are projected in the General Fund Operating Budget to be reprogrammed for this program. Therefore, this budget amendment utilizes one-time funds from the Budget Stabilization Reserve Fund in FY 2016 rather than the General Fund Operating Budget. Ongoing funding for this program will need to be identified as part of the FY 2017 budget process.

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This action is generally consistent with the City's adopted General Fund Financial Policy No. 12, which limits the use of the Budget Stabilization Reserve Fund to providing financial stability during economic downturns and which authorizes the use of up to 1/3 of the Reserve for capital items or other one-time costs. While this action is not being taken at budget adoption, it is a use for a one-time cost. In FY 2017, ongoing funding will need to be identified to be budgeted within the Health and Human Services Department or Social Services Contracts Operating Budgets to continue this effort.

This action is not consistent with the City's adopted General Fund Financial Policy No. 3, which states that to improve financial planning and control, budget amendments should be infrequent and limited to cases where:

- Funding is required to address extraordinary circumstances resulting from a natural disaster, a public health emergency, or other similar critical need that could not have been reasonably anticipated when the budget was adopted; or
- There is verifiable evidence of significant costs or risks associated with delaying funding until the next budget cycle; or
- Errors or omissions in the Council Approved Budget require correction.